

AMENDED IN ASSEMBLY APRIL 23, 2007

AMENDED IN ASSEMBLY MARCH 27, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1170

Introduced by Assembly Member Krekorian
(Coauthor: Assembly Member Beall)

February 23, 2007

An act to amend Sections 17551 and 17558.5 of the Government Code, relating to state mandates.

LEGISLATIVE COUNSEL'S DIGEST

AB 1170, as amended, Krekorian. State mandates.

Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing law establishes a procedure for local governmental agencies to file claims for reimbursement of these costs with the Commission on State Mandates. Under this procedure, the commission is required to hear and decide upon each claim for reimbursement and then determine the amount to be subvented for reimbursement, which the Controller shall pay to eligible claimants. The procedure also provides that a reimbursement claim for actual costs filed by a local agency or school district is subject to an audit by the Controller no later than 3 years after the date that the actual reimbursement claim is filed or last amended, whichever is later, but that, if no funds are appropriated or no payment is made to a claimant for the fiscal year for which the

claim is filed, the audit shall be commenced no later than 3 years from the date of the initial payment of the claim.

This bill would require the commission to issue a decision upon a local agency or school district test claim no later than ~~24~~ 36 months after the date the claim is filed ~~or else the statute or executive order that is the basis of the claim shall be deemed to be a reimbursable mandate consistent with the claimant's filing.~~ It also would delete the provision that authorizes the Controller to commence an audit no later than 3 years from the date of the initial payment of the claim if certain conditions exist.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17551 of the Government Code is
2 amended to read:
3 17551. (a) The commission, pursuant to the provisions of this
4 chapter, shall hear and decide upon a claim by a local agency or
5 school district that the local agency or school district is entitled to
6 be reimbursed by the state for costs mandated by the state as
7 required by Section 6 of Article XIII B of the California
8 Constitution.
9 (b) Commission review of claims may be had pursuant to
10 subdivision (a) only if the test claim is filed within the time limits
11 specified in this section.
12 (c) Local agency and school district test claims shall be filed
13 not later than 12 months following the effective date of a statute
14 or executive order, or within 12 months of incurring increased
15 costs as a result of a statute or executive order, whichever is later.
16 (d) The commission shall issue a decision upon a local agency
17 or school district test claim no later than ~~24~~ 36 months after the
18 date the claim is filed. ~~If the commission does not issue a decision~~
19 ~~within the 24-month period, the statute or executive order that is~~
20 ~~the basis of the claim shall be deemed to be a reimbursable mandate~~
21 ~~consistent with the claimant's filing.~~
22 (e) The commission, pursuant to the provisions of this chapter,
23 shall hear and decide upon a claim by a local agency or school
24 district filed on or after January 1, 1985, that the Controller has

1 incorrectly reduced payments to the local agency or school district
2 pursuant to paragraph (2) of subdivision (d) of Section 17561.

3 SEC. 2. Section 17558.5 of the Government Code is amended
4 to read:

5 17558.5. (a) A reimbursement claim for actual costs filed by
6 a local agency or school district pursuant to this chapter is subject
7 to the initiation of an audit by the Controller no later than three
8 years after the date that the actual reimbursement claim is filed or
9 last amended, whichever is later. An audit shall be completed not
10 later than two years after the date that the audit is commenced.

11 (b) The Controller may conduct a field review of any claim after
12 the claim has been submitted, prior to the reimbursement of the
13 claim.

14 (c) The Controller shall notify the claimant in writing within
15 30 days after issuance of a remittance advice of any adjustment to
16 a claim for reimbursement that results from an audit or review.
17 The notification shall specify the claim components adjusted, the
18 amounts adjusted, interest charges on claims adjusted to reduce
19 the overall reimbursement to the local agency or school district,
20 and the reason for the adjustment. Remittance advices and other
21 notices of payment action shall not constitute notice of adjustment
22 from an audit or review.

23 (d) The interest rate charged by the Controller on reduced claims
24 shall be set at the Pooled Money Investment Account rate and shall
25 be imposed on the dollar amount of the overpaid claim from the
26 time the claim was paid until overpayment is satisfied.

27 (e) Nothing in this section shall be construed to limit the
28 adjustment of payments when inaccuracies are determined to be
29 the result of the intent to defraud, or when a delay in the completion
30 of an audit is the result of willful acts by the claimant or inability
31 to reach agreement on terms of final settlement.